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INTELLIFAX 5

~~INTELLIGENCE REPORT~~

COUNTRY Guatemala

SUBJECT Swing to Left in Arevalo Regime

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ORIGIN [REDACTED]

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SUPPLEMENT

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1. [REDACTED] the measures taken by the Guatemalan government to free itself of the suspicion of Communism have been nothing but window dressing, and President Arevalo has shown his true colors by his actions during and after a recent trip to the Province of Quetzaltenango. Invited by the governor of the province to visit an agricultural experimental station which is partly maintained by U.S. funds, Arevalo flatly refused, stating that his former Minister of Agriculture had made this arrangement with the "gringos" behind his back. "We don't have to flirt with the gringos," he is quoted as saying, "and I resent seeing them in Guatemalan territory."

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2. [REDACTED] the President recently reassured a group of labor and Partido Accion Revolucionaria (PAR) leaders that his overt measures against the radicals meant nothing, and that he was still with them in spirit. He added significantly that they had nothing to fear from the American companies (United Fruit and International Railroad of Central America) as these could be dealt with in due time. Corroborating this remark is a Mexican journalist's report that Arevalo, in the course of a three-hour interview, lauded the expropriation policy of former Mexican President Lazaro Cardenas and expressed the hope that he would be able to carry out a similar policy in Guatemala.

3. A recent cabinet shake-up indicates the orientation of the government. Two new appointees, Augusto Charnaud MacDonald as Minister of Economy and Work, and Enrique Munoz Meany as Minister of Foreign Relations, have the reputation of being of the extreme left. The present Minister of Gobernacion, Francisco Villagran, now on vacation in the United States, is expected to resign if he has not already done so; and it is rumored that Jose Manuel Fortuny, prominent leftist PAR leader, is to be given a cabinet post.

4. The government's swing to the left has given increased circulation to rumors of an imminent counter-blow by the opposition. There are reportedly two groups working for an overthrow. One is headed by Col. Francisco Arana and Col. Miguel Mendoza. The other is led by Maj. Arbonz, Minister of Defense, and Maj. Mendez Montenegro, Mayor of Guatemala City. The latter group, however, is said to be sympathetic to Arevalo, and will, with his connivance, simulate a coup *d'état* merely to beat the other faction to the draw, thus bringing about the desired revolution without any change in policy.

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